

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

Centennial Gardens located at Corner South Street and West Battles Road in Santa Maria, requested and is being recommended for a reservation of \$2,304,507 in annual federal tax credits and \$12,055,102 in total state tax credits to finance the new construction of 159 units of housing serving large families with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by MacDonald Ladd and will be located in Senate District 19 and Assembly District 35.

Project Number CA-21-599

Project Name Centennial Gardens
Site Address: Corner South Depot Street and West Battles Road
Santa Maria CA 93458 County: Santa Barbara
Census Tract: 24.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,304,507	\$12,055,102
Recommended:	\$2,304,507	\$12,055,102

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Kingdom Development, Inc.
Contact: William Leach
Address: 6451 Box Springs Blvd
Riverside, CA 92507
Phone: 951-538-6244
Email: William@kingdomdevelopment.net

General Partner(s) or Principal Owner(s): Kingdom Centennial LLC
Centennial Gardens GP LLC

General Partner Type: Joint Venture

Parent Company(ies): Kingdom Development, Inc.
Southport Financial Services

Developer: MacDonald Ladd

Bond Issuer: CSCDA

Investor/Consultant: Boston Financial Investment Management, LP

Management Agent: Cambridge Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 9
 Total # of Units: 160
 No. / % of Low Income Units: 159 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 16	10%
50% AMI: 16	10%
60% AMI: 63	40%
70% AMI: 64	40%

Unit Mix

70 2-Bedroom Units
70 3-Bedroom Units
20 4-Bedroom Units
<u>160 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
28 2 Bedrooms	70%	\$1,687
28 2 Bedrooms	60%	\$1,687
7 2 Bedrooms	50%	\$1,406
7 2 Bedrooms	30%	\$843
28 3 Bedrooms	70%	\$1,948
27 3 Bedrooms	60%	\$1,948
7 3 Bedrooms	50%	\$1,623
7 3 Bedrooms	30%	\$974
8 4 Bedrooms	70%	\$2,173
8 4 Bedrooms	60%	\$2,173
2 4 Bedrooms	50%	\$1,811
2 4 Bedrooms	30%	\$1,086
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,528,642
Construction Costs	\$40,048,702
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,319,663
Soft Cost Contingency	\$200,000
Relocation	\$0
Architectural/Engineering	\$692,000
Const. Interest, Perm. Financing	\$5,889,942
Legal Fees	\$316,160
Reserves	\$1,565,004
Other Costs	\$4,765,627
Developer Fee	\$7,514,695
Commercial Costs	\$0
Total	\$65,840,435

Residential

Construction Cost Per Square Foot:	\$148
Per Unit Cost:	\$411,503
True Cash Per Unit Cost*:	\$387,536

Construction Financing

Source	Amount
CitiBank, NA - Tax Exempt	\$32,221,000
CitiBank, NA - Taxable Tail	\$12,773,159
Recycled Bonds - CSCDA	\$7,000,000
Deferred Fees and Costs	\$6,387,491
Tax Credit Equity	\$7,458,785

Permanent Financing

Source	Amount
CitiBank, NA - Perm Loan	\$32,170,597
Deferred Developer Fee	\$3,834,696
Tax Credit Equity	\$29,835,142
TOTAL	\$65,840,435

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$57,612,663
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,304,507
Total State Credit:	\$12,055,102
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,514,695
Investor/Consultant:	Boston Financial Investment Management, LP
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.85000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.